

## Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 NEA-09 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 PA-01 PRS-01

USIA-06 AEC-05 COME-00 FPC-01 INT-05 SAM-01 OES-03

FRB-03 FEA-01 EA-06 ARA-06 AF-06 LAB-04 SIL-01 /133 W

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R 171129Z FEB 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 1902

INFO AMEMBASSY BRUSSELS

USMISSION GENEVA

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

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TEHRAN FOR ROBINSON

E.O. 11652: GDS

TAGS: UN, EGEN, ETRD, AG

SUBJ: GROUP OF 77 CONFERENCE AT ALGIERS

SUMMARY: GROUP OF 77 CONFERENCE AT ALGIERS OPENED  
FEBRUARY 15. IN OPENING SESSION PRESIDENT BOUMEDIENE  
CALLED FOR CHANGES IN INTERNATIONAL CODE OF COMMERCIAL  
CONDUCT AND FOR EFFECTIVE UN AGENCY TO PROMOTE WIDE-  
SCALE INDUSTRIALIZATION OF LDC'S. ALGERIAN OFFICIAL  
SAYS WE ALREADY IN CONFRONTATION OVER THESE ISSUES.

1. CONFERENCE OF 77 NOW IN THIRD DAY AT CLUB DE PINS.  
ROUGH COUNT INDICATES SOME 80 DELEGATIONS PRESENT,  
INCLUDING ONE FROM SOUTH VIETNAM. CONFEREES AT WORK  
ON PROPOSALS TO BE TABLED AT LIMA, BUT WE HAVE NO DETAILS  
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AS YET, BEYOND SOME INDICATIONS OF WHAT ALGERIANS WORKING

FOR.

2. CONFERENCE WAS ADDRESSED BY PRESIDENT BOUMEDIENE AT END OF CEREMONIAL OPENING SESSION. HE NOTED THAT CONFEREES MEETING IN CLIMATE OF WORLD ECONOMIC CRISIS, WITH NOVEL ELEMENT BEING CALL BY INDUSTRIALIZED NATIONS FOR LDC'S TO SOLVE THEIR PROBLEMS FOR THEM BY FINANCING THEIR CONTINUED EXPANSION. PRESENT CRISIS DUE NOT TO LONG OVERDUE ADJUSTMENT PETROLEUM PRICES BUT TO FACT VAST MAJORITY OF HUMANITY KEPT IN STATE OF MISERY AND UNDERDEVELOPMENT. SOLUTION TO PROBLEMS OF INDUSTRIALIZED WORLD LAY IN INDUSTRIALIZATION OF LDC'S AND THEIR CONVERSION INTO WORTHWHILE PARTNERS. LDC'S SHOULD HAVE ALL LEVELS OF INDUSTRIAL PRODUCTION AND IT WAS TIME TO STOP THINKING THERE WERE INDUSTRIES SUITED ONLY FOR RICH COUNTRIES WHICH CONSTITUTE INDUSTRIAL ARISTOCRACY. "ONLY A POLICY OF BUILDING BASIC INDUSTRIES WILL OPEN THE WAY TO MASSIVE AND PROFOUND INDUSTRIALIZATION OF OUR COUNTRIES."

3. BOUMEDIENE THEN DWELT ON FINANCIAL, TECHNICAL AND COMMERCIAL RESTRAINTS CONFRONTING LDC'S WHICH SHOULD BE OVERCOME, E.G. FOREIGN INVESTMENT IN LOCAL EXPORT INDUSTRIES WHICH DID NOTHING TO DEVELOP HOST COUNTRY; HIGH COST AND POOR FUNCTIONING OF FACTORIES BOUGHT FROM INDUSTRIALIZED COUNTRIES; AND INCOMPLETE FOREIGN TRAINING OF LDC PERSONNEL, WHO WERE OFTEN DENIED ACCESS TO TRADE SECRETS. HE DESCRIBED THESE CONSTRAINTS AS DERIVING IN PART FROM UNWILLINGNESS TO SHARE TECHNOLOGY AND IN PART FROM NATURE OF CONTRACTUAL ARRANGEMENTS BETWEEN LDC'S AND DC'S, WHICH DID NOT TAKE COGNIZANCE OF DIFFERING LEVELS OF DEVELOPMENT. THIS INEQUALITY FOUND ITS JURIDICAL EXPRESSION IN SYSTEM OF ARBITRATION WHICH FAVORED DC'S. HE PROPOSED THAT SYSTEM BE REVISED TO PERMIT LDC'S FAIR SHARE OF INFLUENCE ON PROCEDURES.

4. WITH REGARD FOREIGN ENTERPRISES, BOUMEDIENE SAID GOVERNMENTS OF COUNTRIES FROM WHICH FIRMS CAME MUST TAKE RESPONSIBILITY FOR NEGOTIATION OF NEW CONTRACTUAL FRAMEWORK WHICH WOULD SPELL OUT ROLE OF THOSE GOVERNMENTS. HE NOTED THAT UNIDO HAD BEEN CREATED UNDER LIMITED OFFICIAL USE

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PRESSURE OF LDC'S BUT WAS SERVING ONLY TO ASSUAGE CONSCIENCES OF DC'S, WHO HAD DEPRIVED IT OF AUTONOMY AND MEANS TO OPERATE EFFECTIVELY. HE CALLED FOR CREATION OF TRUE INTERNATIONAL INSTITUTION FOR INDUSTRIAL DEVELOPMENT AS THE PRIMARY TASK OF LIMA CONFERENCE. (IT NOT CLEAR FROM TEXT WHETHER HE MEANT UNIDO SHOULD BE REPLACED OR ONLY REORGANIZED.)

5. IN SUBSEQUENT CONVERSATION WITH SEC GEN OF INDUSTRY AND ENERGY, MOURAD CASTEL, I ASKED HIM EXACTLY WHAT ALGERIANS HAD IN MIND IN REMARKS ABOUT ARBITRATION AND UNIDO. HE SAID THEY WANTED A NEW ORGANIZATION AND A NEW CODE OF COMMERCIAL CONDUCT. (IT STILL NOT CLEAR WHETHER HE MEANT TOTALLY NEW ORGANIZATION OR REMODELED UNIDO.) THEY WERE PAYING TOO MUCH FOR TECHNOLOGY AND FOR INDUSTRIAL EQUIPMENT AND THE RULES OF ARBITRATION WERE STACKED AGAINST THEM. THE GROUP OF 77 WOULD HAVE SPECIFIC PROPOSALS TO MAKE AT LIMA IN THIS REGARD. THEY WOULD BE PREPARED TO NEGOTIATE IN GOOD FAITH, BUT THEY ALSO WANTED TO BE TAKEN SERIOUSLY. IF THEY WERE NOT, IT WOULD BE TRAGIC. PARKER

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